




FY2009 Contractor Conversion Proposal

August 13, 2008 HR Committee Presentation

Workload Issues

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- **Doubling of budget in FY09**
 - **Future significant increases in:**
 - **Asset Management**
 - **Quality Assurance/ Quality Control**
 - **Land Management**
 - **Contract Management**
 - **Begin Planning phase**

Workload Issues

- **\$460M in construction starts in FY09:**
 - **Compartment B and C Buildouts**
 - **C-111 Spreader Canal**
 - **Lakeside Ranch STA**
 - **Acme Basin B**
 - **O&M Capital**



Workload Issues

- **Addition of SAP budget module and the need to transition to internal support**
- **Finalize transition of projects to SAP Project Systems**
- **Transition to a new Electronic Recruitment System**
- **Design of a new lab facility**



Cost Savings/Efficiency Improvements

FY08 annualized savings: \$5.6M

- Training 46% reduction
- Conferences 40% reduction
- Travel 21% reduction
- Fleet budget 24% reduction
- Energy efficiency savings -3%
- Recaptured \$2.2M in contract dollars by replacing contractors with FTEs
- Internalized CERP outreach provided \$1.2M annual savings



Cost Savings/Efficiency Improvements

FY09 baseline reductions: \$2.2M

- **Travel/Training 30% additional reduction**
- **Rent/Lease Equipment 38% reduction**
- **Field Equipment 26% reduction**
- **Conferences/Memberships/Other 27% reduction**




An Additional Cost Savings Opportunity

- **Replace 23.5 FTEs currently contracted with internal staff for long-term ongoing functions:**
 - **SCADA Installation & Maintenance - 10**
 - **Permit Required Monitoring - 8**
 - **Water Use Permit Review - 2**
 - **Business Systems Support & Maintenance Transition – 3**
 - **Administrative Support – 0.5**




Additional Needs Identified

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- **3 FTE's for:**
 - **Water Use permit compliance – 2**
 - **Public Records support – 1**

 - **Total “Needs”** **26.5 FTE**
 - **Identified Redirections** **6.5 FTE**
 - **Requested Addition** **20.0 FTE**

Estimated Savings

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- Contractor cost \$4.1M
 - Est. FTE additional cost - \$1.8M
 - Start-up Equipment - \$0.4M
 - 3-Mo. Transition - \$0.5M
 - Est. Year 1 Savings \$1.4M

 - Future year savings estimated at \$2.3M due to non-recurring start-up and transition costs

Staff Recommendation

- **Approve FTE conversion cost savings proposal and direct staff to submit a package to the Governor's Office as part of the proposed FY 2009 budget.**

